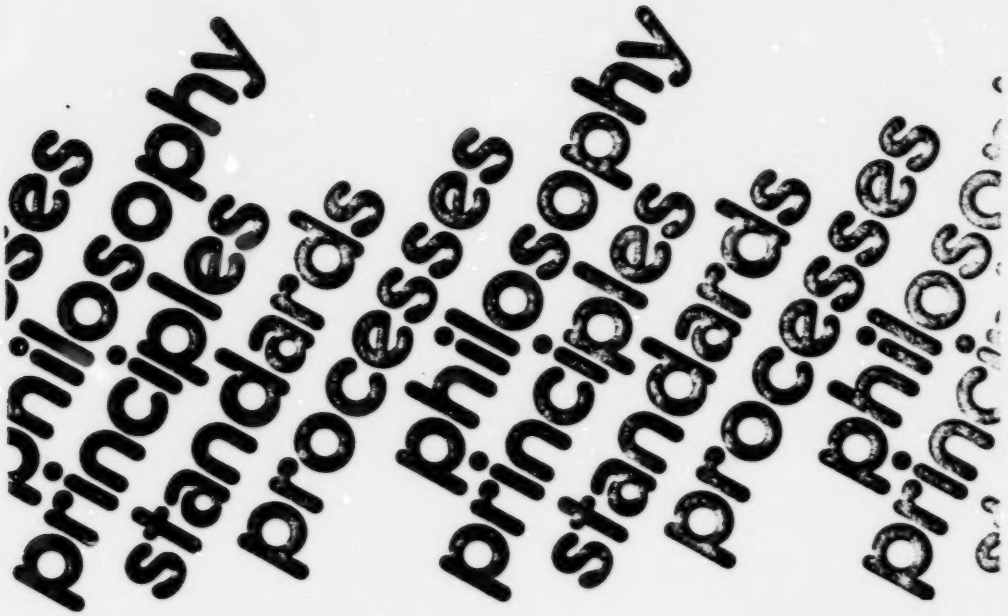
PROCESS 10-2

Management Board of Cabinet

OPS Management Series

Ministry Management Processes: An Overview



Introduction

It takes little imagination to picture the chaos of an organization which lacks management procedures or processes. It would obviously be difficult, if not impossible, to be effective with no methods for achieving goals, where employees function apart and often duplicate each other's efforts, where decisions are made without adequate information and where managers' daily activities are dictated by the most recent crises.

Obviously, an organization cannot function effectively without establishing orderly sequences of activities to achieve its purposes.

Within the Ontario government, there are many management processes. Management processes can be defined as purposeful, systematic and integrated sequences of management activities which co-ordinate the efforts of managers. They exist to avoid chaos, to enable managers to perform their full range of functions and not just react to pressing situations – in short, to pave the way for managers to achieve managerial excellence.

Ontario's Management Philosophy further describes the purpose of a management process as that which:

"... channels, in a purposeful manner, the vitality of each individual. It brings people together in goal-oriented teams and creates an efficient network of communication."

This booklet is an introductory outline of the range of ministry management processes, but is by no means exhaustive. The processes are described in terms of their basic purpose, relationship to other ministry processes and the government-wide processes. As management processes are improved and refined, it may be necessary to reflect these changes in this overview.

Although the processes may be known in some ministries by other names and terms, the basic concepts are the same. In some cases, details of each process may vary according to the size and type of a ministry. These aspects will be detailed in the individual booklets which set out the principles and standards for each process.

Organization of the Processes

Ministry Management Processes will be described within the framework of the Management Cycle and its five sequential management functions:

1. Evaluate and Set Direction;
2. Plan and Allocate;
3. Organize and Staff/Specify and Acquire;
4. Motivate and Direct/Install and Operate; and
5. Monitor and Maintain Direction

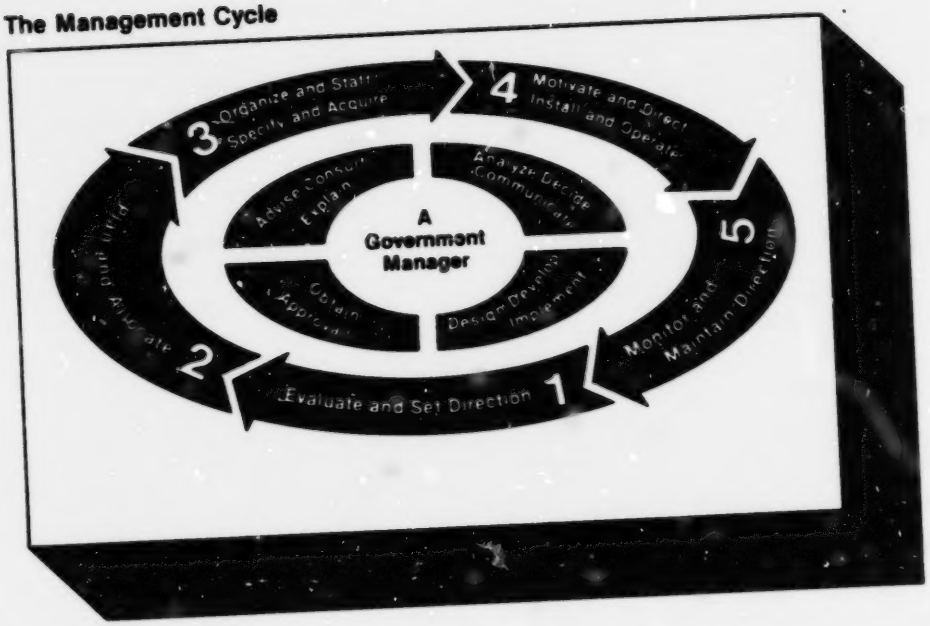
While the diagram was designed specifically to portray management in the Ontario Government, many elements of it, particularly the sequential management functions in the outer ring, can be found in the management of any organization, large or small, private or public. However, the ongoing functions in the inner ring predominantly relate to a government setting.

The sequential functions normally follow one another in the order shown with the last step (monitor and maintain direction) becoming the input to the first step, thereby forming a management "cycle".

In contrast to this, the ongoing functions are not performed in any sequence, nor do they necessarily relate directly to each other. These functions actually support the sequential ones and represent a core set of skills for all managers in the Ontario Government.

Each of the sequential management functions is carried out in the organization through employing the use of one or more management processes. For example, the function of planning and allocating (number two on the cycle) is carried out through the processes of priority planning, resource allocation, and operational planning and budgeting. These processes are described later in this booklet according to the functions they support.

The Management Cycle



Relationship to Government-wide Management Processes

Ministry management processes are those which support the minister and deputy minister in the effective management of the ministry. In this publication series, they are described as being separate from those Government-wide processes which are managed by central agencies of the government and in which the Ministries participate.

These latter processes are often construed as simply "higher levels" of processes within the government. While some ministry processes are extensions of "higher level" government-wide management processes (for example, preparation of the government's annual Estimates), ministries also require their own processes which must stand alone regardless of corporate requirements and direction. The decentralized nature of the Ontario Government and the autonomy which ministries have in program management require this differentiation. Ministry management processes link and feed into Government-wide processes, but should not be strictly reactive to them.

Ministry Management Processes

Within the framework of the Management Cycle, there are five categories of ministry management processes.

1. Evaluate and Set Direction

The processes used by Ministries to evaluate and set direction serve a four-fold purpose. They contribute to government-wide direction, communicate that direction, interpret it for ministry staff and determine ministry direction. These ministry processes are designed to support the Minister and Deputy Minister as they participate in government-wide evaluating and setting direction. Examples of processes at the government-wide level include development of the throne speech, the budget speech, resource allocation and the legislative process.

In general, there are two processes required in ministries:

- *Strategic Planning; and*
- *Policy Formulation.*

Strategic Planning

Strategic Planning includes the monitoring of relevant issues and direction setting. Although program evaluation is not a part of the process, it is an important input. Put more generally, strategic planning consists of looking at relevant issues in the environment in which a Ministry operates, looking internally for strengths and weaknesses, and, based on overall ministry mandate and government direction, deciding on changes, additions and deletions to ministry direction and programs. The result of this process should be a statement or series of statements of goals, broad policies and strategies.

Policy Formulation

Specific ministry policies are often necessary as a result of setting new directions. The policy formulation process begins at the early conceptualizing stages and ends in the preparation and approval of a Cabinet Submission.

It is often followed by the development of a program and legislation, and, in some cases, only more specific policies. The results of the process are a program policy statement along with a supporting Cabinet Submission and Cabinet Minutes.

2. Plan and Allocate

Processes in this category are characteristic of effective and efficiently managed organizations. They convert the broad direction set in the first step of the management cycle into plans and budgets as the basis for implementation. Put another way, these processes are the means by which broad goals, strategies, direction and policies are translated into more specific plans, which results can be measured against.

Processes for carrying out the planning and allocating function also lay the groundwork for effective management control, dealing with constraints, and efficient implementation of Cabinet decisions.

There are four processes in the plan and allocate category.

- Priority Planning;
- Resource Allocation;
- Operational Planning and Budgeting; and
- Resource Planning.

Priority Planning

Priority planning is a process dealing with the mid-term, i.e. 3 to 5 years. It is the basis for stability in the movement of a ministry towards its long-term goals and objectives.

Planning for the mid-term is required because of the lead times required to get a program or a policy developed, approved and implemented. Flexibility is, of course, required to deal with the rapidly changing day-to-day priorities and issues in specific areas.

The term "Priority planning" is meant to be much broader than the specific system of multi-year planning which the government employed in the early '70's and which consisted mainly of detailed forecasted workload and budget requirements.

Priority planning has a policy and program focus, and is completed for each year through the resource allocation and operational planning processes. Contingency planning and efficiency investments as a means of responding to constraints, are integral parts of priority planning for the mid-term.

Resource Allocation

The resource allocation process could be considered the bridge between priority planning and annual operational planning and budgeting. Perhaps the most important factor in designing and evaluating resource allocation processes is comprehensiveness. In other words, the process should be concerned with the allocation of all resources, including: human, financial, accommodation or space and equipment.

Operational Planning and Budgeting

The operational planning and budgeting process converts priority plans and the resources allocated to programs into specific short-term, result-oriented plans and budgets. It is this process that produces the information for the Managing By Results abstracts and reports for Management Board, and it is also this process which sets up the initial accountability contract for executives and managers. Budgeting includes detailed assignment and scheduling of resources and results to organizational units which serve as a yardstick for measuring progress and expenditures throughout the year.

Resource Planning Processes

Resource planning processes are used by the administration and finance, support, or "staff" side of the Ministry, in planning for the acquisition of resources. These processes include: manpower planning, accommodation planning and financial planning. They are clearly linked to the ministry-level processes of priority planning, resource allocation, and operational planning and budgeting.

3. Organize and Staff/Specify and Acquire

In order to implement a plan, it is necessary to acquire and organize resources. Programs and organization structures are modified or newly developed. Processes in this category are primarily concerned with specifying, acquiring, approving and organizing resources.

Many of the processes in this group are partially delineated in existing policy or procedural statements. The procedures to which Ministries must often adhere state what is to be done, but do not address the process to be used in carrying out the task. Naturally the specific design of these processes differs greatly from ministry to ministry. However, general descriptions and guidelines will be prepared in subsequent booklets for Ministries to use as they seek to improve their management processes. The following processes are used in carrying out this third function:

- Program Design and Modification;
- Organizational Design; and
- Resource Acquisition

4. Motivate and Direct/Install and Operate

Processes in this category complete the personalization of the objectives set in the operational planning process at the individual level. These processes require the manager to make specific commitments in order to reach established goals. The results achieved are assessed when evaluating the individual's performance. It is in these processes that the managers' motivational and leadership skills are most put to the test. It is also in these processes where delegation of authority and responsibility takes place. The specific processes that are used in this group will be defined as the booklets are developed.

5. Monitoring and Maintaining Direction

These processes are used to monitor the achievement of results, the utilization of resources and compliance with policies and procedures in a ministry to ensure that the objectives set at the beginning of the year are, in fact, achieved. They are an integral part of effective accountability. They also are the tools for management control and allow a Ministry to maintain direction.

These processes ensure that value for money is achieved because they monitor progress against plans, and serve as an early warning to managers that plans are, or are not, being achieved.

Generally speaking, these processes work on an exception reporting basis.

The following are the processes used in this category:

- Management Reporting;
- Multi-Year Analysis and Reporting;
- Internal Auditing; and
- Operational Review.

Management Reporting

This process is used to monitor the achievement of operational plans and the utilization and consumption of resources. In this process, all types of resource usage are analyzed and monitored to identify variances from plans. As well, recorded results are reviewed and achievements are compared to those planned. These are then related to the variances between planned and actual resource utilization. The reporting of variances may operate on a monthly, quarterly, semi-annual or annual basis as required, and is frequently done on an exception basis. Management reporting processes are, in effect, monitoring mechanisms which alert managers to the need for action when problems arise.

Reporting processes can only be as effective as the resource and results information and the quality of plans and budgets on which they are based.

Multi-Year Analysis and Reporting

Multi-year analysis and reporting is the process used to take a longer term look at ministries' and programs' results as compared to the mid-term plans. A multi-year analysis of trends and long-term problems in such areas as productivity, service level, and workload is required. As exceptions and trends are identified, a longer-term response in the form of adjustments to the strategic or priority plans will likely take place.

Internal Auditing

The objective of the internal audit process is to evaluate the effectiveness of the control function on behalf of management through: assuring managers that satisfactory control processes are in place, reporting to managers on problems or issues in relation to management control, and encouraging change in control systems where weaknesses are evident. This includes ensuring the safeguarding of public assets and reporting on compliance with government policies and procedures.

Operational Review

The operational review process has been developed only in a few ministries at present. Operational review builds upon the audit process in reviewing and assessing the adequacy of management processes, program design and program management practices.